

Message Text

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ORIGIN EUR-12

INFO OCT-01 ISO-00 DODE-00 CIAE-00 PM-05 INR-07 L-03
ACDA-12 NSAE-00 PA-02 SS-15 PRS-01 SP-02 TRSE-00
USIE-00 NSCE-00 INRE-00 IO-14 OMB-01 EB-08 COME-00
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DRAFTED BY OSD/ISA:HDUNLOP
APPROVED BY EUR/RPM:SJLEDOGAR
OSD/ISA:MGEN BOWMAN
EUR/RPM:ROBINSON/FROEBE
PM/L:TBOREK(SUBS)
PM/ISP:MCKING
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-----047843 310503Z /23

O P 310020Z DEC 77
FM SECSTATE WASHDC
TO USMISSION USNATO IMMEDIATE
INFO ALL NATO CAPITALS PRIORITY
USNMR SHAPE BE PRIORITY

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USNATO: PLEASE PASS TO ASYG WALSH

E.O. 11652: N/A

TAGS: MPOL, NATO, AWACS

SUBJECT: NATO AWACS: INITIAL DEVELOPMENT ACTIVITIES

1. FOLLOWING THE DECEMBER 6 DPC ENDORSEMENT OF INITIAL
DEVELOPMENT ACTIVITIES IN THE AMOUNT OF FIVE MILLION
DOLLARS DURING THE PERIOD JANUARY 1 THROUGH JUNE 30, 1978,
WE MUST MOVE QUICKLY TO INITIATE THE WORK NECESSARY TO
PRESERVE THE STANDARDIZED AWACS OPTION. REQUIRED
ACTIONS INCLUDE: INSTRUMENTALITY OF NATIONAL AGREEMENT,
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AVAILABILITY AND CALL-UP OF PARTICIPATING NATIONS' FUNDS,
AND NATO REQUEST TO THE AIR FORCE TO HAVE THE E-31 SPO
INITIATE THE WORK. THIS MESSAGE ADDRESSES THE INSTRU-
E;TALITY OF NATIONAL AGREEMENT. WE ASSUME USNATO AND
NAPO WILL INITIATE ACTION ON OTHER TWO NEEDED ACTIONS.

2. FOLLOWING THE PRECEDENTS SET BY THE CONTRACT

DEFINITION AND PREPARATORY PHASES, A STATEMENT OF UNDERSTANDING MAY BE REQUIRED BY NATIONS AS A CONDITION FOR THEIR FORMAL ALLOCATION OF FUNDS. IN ANY CASE, WE BELIEVE THAT A NEW SOU WILL PROBABLY BE NEEDED TO REFLECT THE COOPERATIVE NATURE OF THIS US-NATO PROGRAM EFFORT. DRAFT SOU TEXT IS BEING FORWARDED BY SEPTEL FOR YOUR REVIEW AND COMMENT.

3. FUNDS FALL INTO THREE GENERAL CATEGORIES: REMAINING HLG/NAPO PREPARATORY PHASE FUNDS (ABOUT 1.554 MILLION DOLLARS, AVAILABLE NOW); THE FIFTY THOUSAND DOLLAR COMMITMENTS BY MINOR-SHARE NATIONS (CURRENTLY TOTALING 350 OR 400 THOUSAND DOLLARS, MUCH OF WHICH MAY BE AVAILABLE WHEN CALLED UP); AND THE REMAINING 3.1 MILLION DOLLARS, TO BE PROVIDED IN A RATIO TO BE AGREED BY GERMANY AND THE UNITED STATES (AND REQUIRING LEGISLATIVE CONSULTATIONS AND/OR APPROVAL BEFORE FUNDS ARE AVAILABLE). IF 1.2 MILLION DOLLARS WILL BE AGREED BY GERMANY, WE SHALL UNDERTAKE TO OBTAIN APPROVAL FOR THE REMAINING 1.9 MILLION DOLLARS. HOWEVER, IT MAY BE FEBRUARY OR MARCH BEFORE THE SUM IS AVAILABLE.

4. USG PREPARATIONS TO INITIATE CONTRACTUAL ACTIVITIES ARE UNDERWAY. HOWEVER, BEFORE THEY CAN BE IMPLEMENTED, A REQUEST FROM NATO IS NEEDED. TWO PROCEDURAL APPROACHES UNCLASSIFIED

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ARE POSSIBLE, ONE INVOLVING APPLICATION OF FMS PROCEDURES, THE OTHER IMPLEMENTATION OF A COOPERATIVE R AND D APPROACH. WE ARE PROCEEDING ON THE ASSUMPTION THAT THE LATTER WILL BE PREFERRED BY ALLIES AND HENCE REQUESTED BY NATO. HOWEVER, BOTH APPROACHES ARE OUTLINED BRIEFLY BELOW FOR COMMENT BY USNATO AND BY MR. WALSH.

OPTION A. COOPERATIVE R AND D APPROACH. AS THE STANDARDIZED AWACS PRODUCTION-LINE CONFIGURATION WOULD APPLY TO BOTH THE NATO AND THE US AWACS PROGRAM, THE US COULD PARTICIPATE WITH THE REST OF NATO UNDER A COOPERATIVE R AND D ARRANGEMENT. THE US SHARE OF FUNDING WOULD APPLY TO THIS INITIAL DEVELOPMENT EFFORT AS A WHOLE (AND BE CREDITED TOWARDS THE FINAL U.S. SHARE OF THE POTENTIAL NATO AEW AND C PROGRAM); OTHER COSTS OF US SERVICES AND FACILITIES WOULD BE ABSORBED AS THE US NATIONAL CONTRIBUTION. AT THE REQUEST OF THE PARTICIPATING NATO GOVERNMENTS, THE US GOVERNMENT WOULD CONTRACT FOR APPROVED ACTIVITIES, BASED ON A STATEMENT OF WORK JOINTLY APPROVED BY THE NATO AEW PROGRAM OFFICE (NAPO) UNDER HLG DIRECTION, AND BY THE USAF E-3A SPO. THE NAPO WOULD BE VESTED

WITH AUTHORITY TO SIGN NECESSARY NATO DOCUMENTATION,
ALLOCATE FUNDS, AND MAKE PAYMENTS TO CONTRACTING
AGENCIES, AS APPROPRIATE, FOR ACTIVITIES APPROVED
BY THE HLG.

OPTION B. FOREIGN MILITARY SALES: AS THE ARMS
EXPORT CONTROL ACT HAS BEEN AMENDED TO REQUIRE EITHER
DIRECT COMMERCIAL SALE OR APPLICATION OF FMS PROCEDURES,
THE USG CAN NO LONGER CONTRACT DIRECTLY ON NATO'S
BEHALF FOR THIS NEW EFFORT AS IT HAD FOR THE PREPARATORY
PHASE ACTIVITIES AUTHORIZED UNDER THE EXISTING SOU.
UNDER FMS PROCEDURES, USG WOULD CONTRACT AS BEFORE
ON BEHALF OF NATO PURSUANT TO AN FMS AGREEMENT. UNDER
THIS APPROACH, A THREE PERCENT ADMINISTRATIVE CHARGE
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WOULD ALSO OF COURSE BE REQUIRED. (DIRECT COMMERCIAL
SALE IS NOT POSSIBLE BECAUSE WE UNDERSTAND NATO AS
A PROVISIONAL BODY CANNOT CONCLUDE SUCH A PURCHASE
CONTRACT).

6. MISSION VIEWS AND THOSE OF ASYG WALSH WOULD BE
APPRECIATED ASAP.

CHRISTOPHER

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Message Attributes

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Decaption Note:
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
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Disposition Event:
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Drafter: HDUNLOP
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